

## Retirement Contribution Refunds



Defense Civilian Personnel Advisory Service  
Benefits and Work Life Programs Division  
Benefits and Entitlements Branch  
4800 Mark Center, Suite 05G21  
Alexandria, VA 22350

**Email:** [dodhra.mc-alex.dcpas.mbx.benefits-contacts@mail.mil](mailto:dodhra.mc-alex.dcpas.mbx.benefits-contacts@mail.mil)  
(703) 882-5197 or DSN 381-5197 Fax: 571-372-1661 or DSN 381-1661

## Background

A refund is a lump-sum payment of the total contributions plus interest paid by Federal employees into the Civil Service Retirement and Disability Fund (CSRDF) which includes the Civil Service Retirement System (CSRS) or Federal Employees Retirement System (FERS). After separation, Federal employees can request refunds of any contributions paid into these funds. Refunds include all retirement contributions deducted from basic pay, along with any deposits, voluntary contributions, redeposits, military service credit deposits, and the accrued interest payable on these amounts under the law.

## Eligibility Requirements

In order to receive a refund you must meet **all** of the following criteria:

- Be separated from the Federal government for at least 31 consecutive days or be transferred to a position not subject to CSRS or FERS retirement deductions for at least 31 consecutive days;
- File a refund application on Standard Form (SF) 2802 for CSRS or SF-3106 for FERS with the Office of Personnel Management (OPM);
- Not be reemployed in a position subject to CSRS or FERS retirement deductions at the time you file your application;
- Not be *eligible* to receive an annuity within 31 days of separation after filing the application;
- Not be prohibited from receiving a refund due to a court order; and
- Notify your current and/or former spouse(s) of your refund request, if applicable.

It is recommended that you discuss all of the relevant facts with your employing office prior to making a final decision. The impacts on your service history should be fully understood before taking a refund of your contributions. There is no mandatory requirement for you to withdraw your retirement contributions. You may leave the money in the fund until you are eligible for a deferred retirement. A deferred retirement is available for persons who have accrued a total of five years of service

In the event of your death, all of your contributions in the fund will be payable to your designated beneficiary as a lump sum benefit. The forms for filing a death claim are SF-2808 (CSRS) or SF-3102 (FERS).

## Reasons Why You Might Want To Take a Refund

- If you have *less* than five years of civilian service and you **do not intend** to return to Federal employment;

**OR**

- If you have five or more years of civilian service and you **do not intend** to return to Federal employment, and you believe that you can invest the funds for the final value of investments to *exceed* the value of a deferred annuity.

## Reasons Why You Should Not Take a Refund

- A refund of all deductions voids the vast majority of retirement options, including survivor benefits, until the refund is redeposited.
- If you have at least five years of civilian service, and are entitled to a deferred annuity at age 62, this may exceed the value of the lump sum credit. A deferred annuity would not only provide you a retirement benefit and, if elected, a survivor annuity for your spouse.
- If you plan to be reemployed by the Federal government and wish to receive credit for the refunded service. You may find that repaying the credit for refunded service may be very expensive. The cost of the redeposit is equal to the refund received plus interest.
- Under FERS if you are married, you must notify your spouse and any former spouse that you have filed the application before you can receive a refund. In addition, you may be barred from receiving a refund if the refund would end the court-ordered right of any spouse or former spouse to future benefits based on your service.

If you become disabled while at work, you can apply for both an OPM Disability Retirement Benefit, as well as an Office of Workers' Compensation Benefit. You cannot receive both benefits at the same time so one benefit must be suspended. In addition, an employee in receipt of compensation has the option of withdrawing his or her retirement contributions. However, if you later die for reasons unrelated to a job injury, your survivors would not be eligible for a survivor annuity based on your Federal service.

## Other Information Regarding Refunds

- Employees who have more service under CSRS than needed to earn the maximum benefit of 80 percent (which is usually reached after 41 years and 11 months of service) may receive a refund of any excess contributions. Excess deductions are applied to any unpaid deposit and/or redeposit first. When a retirement claim is adjudicated by OPM, the retiree will be given the choice of having any remaining amount refunded or using it to purchase additional annuity.
- If you receive a refund of FERS deductions and were covered by FERS on or after October 28, 2009, you may repay (or redeposit) any FERS deductions previously refunded. You may also redeposit any CSRS deductions previously refunded that covered CSRS service and is now credited under FERS rules.
- If you transferred to FERS and also have service under CSRS, when you apply for a refund, OPM will refund all your retirement deductions to your credit under both FERS and CSRS. However, when applying for a refund you can specify that you only want a refund of the CSRS deductions. You can pay back the amount of deductions, plus interest, if you are later reemployed in the Federal Government.

- If you have a CSRS component with refund service, the CSRS rules will be used to compute the redeposit that is owed.
- Your retirement contributions are not taxable, however interest included in the payment is taxable. You should contact the Internal Revenue Service for additional resources regarding tax payments.
- You can roll over the lump sum payment of retirement contributions directly to an Individual Retirement Account (IRA) or other employer sponsored plan. The decision you make will affect the amount of taxes you owe.
- Interest is charged from the date of the refund and is compounded annually. Interest is charged until the date full payment is made or the date the annuity begins, whichever is earlier.

## Now That You Have Reached a Decision

If you decide to apply for a refund within the 30 days after your date of separation and you did not receive notice from your payroll office that your retirement records were sent to OPM in Boyers, PA, you should **mail your application to your employing office**. The Agency Human Resources Specialist will be tasked with completing refund applications, review your personnel folder and certify your service history. Once the review is completed, your application will be mailed to OPM.

If you decide to apply for a refund more than 30 days after your date of separation, or you have received notice from your payroll office that your retirement records have been sent to OPM, you must forward your application directly to the appropriate OPM address listed below:

For CSRS employees:

Office of Personnel Management  
Retirement Operation Center  
Post Office Box 45  
Boyers, PA 16017-0045

For FERS employees:

Office of Personnel Management  
Federal Employees Retirement System  
Attn: Refund  
Post Office Box 45  
Boyers, PA 16017-0045

To find more information about refunds, please see the CSRS & FERS Handbook for Personnel Payroll Offices, Chapter 32.